EFFINGHAM UNIFIED SCHOOL DISTRICT NO. 377

Effingham, Kansas

STATUTORY BASIS FINANCIAL STATEMENTS For the year ended June 30, 2011

And

INDEPENDENT AUDITORS' REPORTS

Long CPA, PA A Professional Association Certified Public Accountants

UNIFIED SCHOOL DISTRICT NO. 377

Effingham, Kansas

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Effingham, Kansas

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Long CPA, PA

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Board of Education Unified School District No. 377 Effingham, Kansas 66023

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

We have audited the financial statements of the individual funds of Unified School District No. 377, Effingham, Kansas, as of and for the year ended June 30 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the <u>Kansas Municipal Audit Guide</u> and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, Unified School District No. 377 has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonable determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 377 as of June 30, 2011, or the changes in its financial position for the year then ended.

In our opinion the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the Unified School District No. 377, as of June 30, 2011, and its cash receipts and expenditures, budgetary comparisons, and changes in long-term debt and long-term debt maturities for the year then ended, on the basis of accounting described in Note 1.

In accordance with <u>Government Auditing Standards</u>, we have also issued our report dated August 29, 2011, on our consideration of Unified School District No. 377's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with <u>Government Auditing Standards</u> and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Unified School District No. 377's basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of findings and questioned costs are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of Unified School District No. 377. The schedule of expenditures of federal awards and schedule of findings and questioned costs have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Long CPA, PA

A Professional Association Certified Public Accountant

Long CPA, PA

August 29, 2011

Summary of Cash Receipts, Expenditures, and Unencumbered Cash For the Year Ended June 30, 2011 USD #377 EFFINGHAM, KANSAS

Ending Cash Balance		S (318,606)	414,770		60,430	320,843	14,651	190,295	832,276	13,555	15,960	1,672	0	55,627	0		31,092	88,117	523,214	150	295	103	4,000	1,288	884	237		88,810	\$ 2,339,664	692'92		1,303,281	1,000,000	40,386
Add Outstanding Encumbrances and Accounts Payable		S 47,284	286,345		4,436	286	1,746	32,577	34,088	395	571	92		9,127				45,449		150	295		4,000	1,288		237			\$ 469,035			Pool		ement 4
Ending Unencumbered Cash Balance		\$ (365,890)	128,425		55,994	319,861	12,905	157,718	798,188	13,160	15,389	1,607	0	46,500	0	_	31,092	42,668	523,214	0	0	103	0	0	884	0		88,810	\$ 1,870,629	Checking Accounts	Savings Accounts	Municipal Investment Pool	Certificates of Deposit	Agency Funds per Statement 4
Expenditures		\$ 5,345,826	1,745,630		150,473	1,182,320	7,676	465,998	208,552	69,6	6,222	460	230,332	433,857	20,041	2,006	90,113	71,827	39,172	120,834	1,744	100	34,420	3,199	634	413		0	S 10,171,546					
Cash Receipts		\$ 5,399,297	1,855,366		152,857	1,172,332	8,135	466,577	236,973	10,649	6,000	0	230,332	480,357	20,041	2,007	81,424	57,847	159,000	114,535	1,672	87	25,296	3,199	0	413		0	S 10,484,396					
Prior Year Cancelled Encumbrances		0 8	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	S 0					
Beginning Unencumbered Cash Balance		\$ (419,361)	18,689		53,610	329,849	12,446	157,139	792,697	12,208	15,611	2,067	0	0	0	0	39,781	56,648	403,386	6,299	7.2	116	9,124	0	1,518	0		88,810	S 1,557,779					
Funds	Governmental Type Funds General Funds	General	Supplemental General	Special Revenue Funds	Vocational Education	Special Education	Driver Education	Food Service	Capital Outlay	Gifts and Grants	Professional Development	Summer School	KPERS Special Contribution	At Risk (K-12)	At Risk (4 year old)	Bilingual Education	District Activity Funds	Textbook Rental Fund	Contingency Reserve Fund	Title I	Title IV Drug Free	A.J. Rice Memorial	Title IIA - Teacher Quality	Character Education Grant	Serve America School Based	Title IID	Debt Service Funds	Bond and Interest Fund	Total Reporting Entity	Composition of Cash	1			

The notes to the financial statements are an integral part of this statement.

2,339,664

Total Reporting Entity

USD #377 EFFINGHAM, KANSAS Summary of Expenditures - Actual and Budget For the Year Ended June 30, 2011

Funds Governmental Type Funds	1	Certified Budget	4, -	Adjustments to Comply with Legal Max	Adjustments for Qualifying Budget Credits	ents Ying edits	Con	Total Budget for Comparison	Cha	Expenditures Chargeable to Current Year	Variance - Favorable (Unfavorable)	. î
General Funds												
General	S	5,533,350	G/S	(300,683)	\$ 113,	113,159	ν.	5,345,826	ς. Υ	5,345,826	ν ₃	0
Supplemental General		1,678,736		(66,894)		0	-	1,745,630	-	1,745,630		0
Special Revenue Funds												
Vocational Education		190,000		0		0		190,000		150,473	39,527	7
Special Education		1,300,000		0		0		1,300,000	_	1,182,320	117,680	0
Driver Training		12,000		0		0		12,000		7,676	4,324	4
Food Service		530,000		0		0		530,000		465,998	64,002	L)
Capital Outlay		000,009		0		0		000'009		208,552	391,448	20
Gifts and Grants		25,000		0		0		25,000		6,697	15,303	ľή
Professional Development		18,000		ū		0		18,000		6,222	11,778	œ
Summer School		2,067		0		0		2,067		460	1,607	7
KPERS Special Contribution		315,207		0		0		315,207		230,332	84,875	٧٦
At-Risk Fund (K-12)		559,674		0		0		559,674		433,857	125,817	7
At-Risk Fund (4 year old)	٠	36,108		0		0		36,108		20,041	16,067	7
Bilingual Education		2,006		0		0		2,006		2,006		0
Debt Service Funds												
Bond and Interest		88,810		0		0		88,810		0	88,810	0

The notes to the financial statements are an integral part of this statement.

USD #377 EFFINGHAM, KS GENERAL FUND

Statement of Cash Receipts and Expenditures - Actual and Budget For the Year Ended June 30, 2011

						Variance- Favorable
CASH RECEIPTS		Actual	-	Budget		(Unfavorable)
Taxes and Shared Revenue						
	S	669 390	er	(£2 050	er	10 201
Ad valorem property tax Delinquent tax	Э	668,280	\$	652,959	\$	15,321
Motor vehicle tax		11,070		3,577		7,493
RV tax						0
16/20 Trucks tax						
Federal grants		258,025		93,793		0 164,232
State aid/grants		4,348,763		4,783,021		(434,258)
Charges for services		4,540,705		4,100,021		(434,238)
Interest income						0
Miscellaneous revenues		113,159				113,159
Operating transfers		113,137				0
Operating densities	-		•		•	U
Total Cash Receipts		5,399,297	_	5,533,350		(134,053)
EXPENDITURES						
Instruction		2,118,917		2,368,319		249,402
Student support services		182,501		181,250		(1,251)
Instruction support staff		135,943		143,725		7,782
General administration		196,523		205,297		8,774
School administration		345,087		383,840		38,753
Operations and maintenance		286,612		332,030		45,418
Student transportation services		363,871		359,321		(4,550)
Central support services						` o ´
Other support services		104,722		108,540		3,818
Food service operations						0
Student activities		2,941				(2,941)
Facility acquisition and construction services						0
Debt service						0
Operating transfers		1,608,709		1,451,028		(157,681)
Adjustment to comply with						
legal max				(300,683)		(300,683)
Adjustment for qualifying						
budget credits	-		-	113,159	-	113,159
Total Expenditures	-	5,345,826	\$ _	5,345,826	\$	0
Receipts Over (Under) Expenditures		go 471				
Unencumbered Cash, Beginning		53,471				
Prior Year Cancelled Encumbrances		(419,361)				
1101 1 car Cancened Encumbrances		0				
Unencumbered Cash, Ending	\$ _	(365,890)				
See Note 9 (Cash Basis Exception)						

See Note 10 (Statutory Presentaion)

USD #377 EFFINGHAM, KS SUPPLEMENTAL GENERAL FUND

Statement of Cash Receipts and Expenditures - Actual and Budget For the Year Ended June 30, 2011

		Actual		Budget		Variance- Favorable (Unfavorable)
CASH RECEIPTS	•		-	-	_	
Taxes and Shared Revenue						
Ad valorem property tax	\$	848,941	\$	934,243		(85,302)
Delinquent tax		16,215		4,358		11,857
Motor vehicle tax		139,991		136,214		3,777
RV tax		2,198		2,273		(75)
16/20 Trucks tax		25,073				25,073
Federal grants		0				0
State aid/grants		822,948		721,037		101,911
Charges for services						0
Interest income						0
Miscellaneous revenues						0
Operating transfers	-		-		-	0
Total Cash Receipts	-	1,855,366	-	1,798,125	_	57,241
EXPENDITURES						
Instruction		290,611		171,000		(119,611)
Student support services		3,820		1,500		(2,320)
Instruction support staff		·		0		0
General administration		28,012		20,000		(8,012)
School administration		3,854		4,500		646
Operations and maintenance		480,888		756,135		275,247
Student transportation services		284,945		202,000		(82,945)
Central support services						0
Other support services				5,000		5,000
Food service operations						0
Student activities						0
Facility acquisition and construction services						0
Debt service						0
Operating transfers		653,500		652,389		(1,111)
Adjustment to comply with						
legal max				(66,894)		(66,894)
Adjustment for qualifying						_
budget credits	-		-		-	0
Total Expenditures	-	1,745,630	\$_	1,745,630	\$_	0
Parity Over Glada > Parity		100 774				
Receipts Over (Under) Expenditures Unencumbered Cash, Beginning		109,736				
		18,689				
Prior Year Cancelled Encumbrances	-	0				
Unencumbered Cash, Ending	\$	128,425				
See Note 9 (Cash Basis Exception)						

See Note 10 (Statutory Presentaion)

USD #377 EFFINGHAM, KS VOCATIONAL EDUCATION FUND

CASH RECEIPTS		Actual	_	Budget	-	Variance- Favorable (Unfavorable)
Taxes and Shared Revenue						
Ad valorem property tax	S		\$		\$	0
Delinquent tax	_		*			0
Motor vehicle tax						0
RV tax						0
Mineral production tax						0
Federal grants		1,857				1,857
State aid/grants						0
Charges for services						0
Interest income						0
Miscellaneous revenues				389		(389)
Operating transfers		151,000	_	160,000	-	(9,000)
Total Cash Receipts		152,857	_	160,389	_	(7,532)
EXPENDITURES						
Instruction		150,473		190,000		39,527
Student support services		123,2		170,000		0
Instruction support staff						0
General administration						0
School administration						0
Operations and maintenance						0
Student transportation services						0
Central support services						0
Other support services						0
Food service operations						0
Student activities						0
Facility acquisition and construction services						0
Debt service						0
Operating transfers						0
Adjustment to comply with						
legal max						0
Adjustment for qualifying						
budget credits			_		_	0
Total Expenditures		150,473	\$	190,000	\$ =	39,527
Receipts Over (Under) Expenditures		2,384				
Unencumbered Cash, Beginning		53,610				
Prior Year Cancelled Encumbrances		0				
Unencumbered Cash, Ending	\$	55,994				

USD #377 EFFINGHAM, KS SPECIAL EDUCATION FUND

CASH RECEIPTS	<i>.</i>	Actual	_	Budget		Variance- Favorable (Unfavorable)
Taxes and Shared Revenue					_	_
Ad valorem property tax	\$		\$		\$	0
Delinquent tax Motor vehicle tax						0
RV tax						0
						0
Mineral production tax						0
Federal grants						0
State aid/grants		0.202				0
Charges for services Interest income		9,203				9,203
Miscellaneous revenues						0
	,	162 120		1 242 240		0
Operating transfers		,163,129	-	1,243,240	-	(80,111)
Total Cash Receipts	1	,172,332	_	1,243,240	_	(70,908)
EXPENDITURES						
Instruction	1	,132,266		1,217,615		85,349
Student support services	*,	,132,200		1,017,013		0
Instruction support staff						0
General administration						0
School administration						0
Operations and maintenance						0
Student transportation services		50,054		82,385		32,331
Central support services		20,021		02,302		0
Other support services						0
Food service operations						0
Student activities						0
Facility acquisition and construction services						0
Debt service						0
Operating transfers						0
Adjustment to comply with						U
legal max						0
Adjustment for qualifying						U
budget credits						0
			-		_	<u> </u>
Total Expenditures	1,	182,320	\$ =	1,300,000	\$ =	117,680
Receipts Over (Under) Expenditures		(9,988)				
Unencumbered Cash, Beginning		329,849				
Prior Year Cancelled Encumbrances		0				
	· · · · · · · · · · · · · · · · · · ·					
Unencumbered Cash, Ending	\$	319,861				

USD #377 EFFINGHAM, KS DRIVER TRAINING FUND

CASH RECEIPTS	_	Actual	_	Budget	-	Variance- Favorable (Unfavorable)
Taxes and Shared Revenue			•			
Ad valorem property tax	\$		\$		\$	0
Delinquent tax Motor vehicle tax						0
RV tax						0
						0
Mineral production tax						0
Federal grants		2.060		2.000		0
State aid/grants Charges for services		2,960		2,800		160
Interest income		5,175		5,700		(525)
Miscellaneous revenues						0
						0
Operating transfers	-				-	0
Total Cash Receipts	_	8,135	_	8,500	_	(365)
EXPENDITURES						
Instruction		6,827		10,800		3,973
Student support services		0,027		10,000		0
Instruction support staff						0
General administration						0
School administration						0
Operations and maintenance		849		1,200		351
Student transportation services		G+7		1,200		0
Central support services						0
Other support services						0
Food service operations						0
Student activities						0
Facility acquisition and construction services						0
Debt service						0
Operating transfers						0
Adjustment to comply with						U
legal max						0
Adjustment for qualifying						U
budget credits						0
adagot ordata	-				-	<u> </u>
Total Expenditures	-	7,676	\$=	12,000	\$ =	4,324
Receipts Over (Under) Expenditures		459				
Unencumbered Cash, Beginning		12,446				
Prior Year Cancelled Encumbrances		0				
	_					
Unencumbered Cash, Ending	\$_	12,905				

USD #377 EFFINGHAM, KS FOOD SERVICE FUND

CASH RECEIPTS	-	Actual	_	Budget		Variance- Favorable (Unfavorable)
Taxes and Shared Revenue Ad valorem property tax Delinquent tax	\$		\$		\$	0 0
Motor vehicle tax RV tax Mineral production tax						0 0 0
Federal grants State aid/grants		187,268 3,921		187,193 3,200		75 721
Charges for services Interest income		169,779 609		163,018 450		6,761 159
Miscellaneous revenues Operating transfers		105,000		100,000		0 5,000
Total Cash Receipts	-	466,577	_	453,861		12,716
EXPENDITURES Instruction Student support services Instruction support staff General administration School administration Operations and maintenance Student transportation services Central support services Other support services Food service operations Student activities Facility acquisition and construction services Debt service Operating transfers Adjustment to comply with legal max Adjustment for qualifying budget credits		465,998		530,000		0 0 0 0 0 0 0 0 64,002 0 0
Total Expenditures	-	465,998	\$_	530,000	\$_	64,002
Receipts Over (Under) Expenditures Unencumbered Cash, Beginning Prior Year Cancelled Encumbrances	-	579 157,139 0				
Unencumbered Cash, Ending	\$ _	157,718				

USD #377 EFFINGHAM, KS CAPITAL OUTLAY FUND

CASH RECEIPTS	Actual	Budget	Variance- Favorable (Unfavorable)
Taxes and Shared Revenue			
Ad valorem property tax	S	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income	10,548	15,000	(4,452)
Miscellaneous revenues	70,750	88,810	(18,060)
Operating transfers	155,675	uu,010	155,675
			100,070
Total Cash Receipts	236,973	103,810	133,163
EXPENDITURES			
Instruction	11,636	50,000	38,364
Student support services		5,000	5,000
Instruction support staff		5,000	5,000
General administration		2,000	2,000
School administration		5,000	5,000
Operations and maintenance	2,447	18,000	15,553
Student transportation services	142,746	170,000	27,254
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services	51,723	345,000	293,277
Debt service		,	0
Operating transfers			0
Adjustment to comply with			
legal max			0
Adjustment for qualifying			-
budget credits			0
-			
Total Expenditures	208,552	\$ 600,000	\$ 391,448
B 140 GL 1 3 B 19			
Receipts Over (Under) Expenditures	28,421		
Unencumbered Cash, Beginning	769,767		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	\$798,188_		

USD #377 EFFINGHAM, KS GIFTS AND GRANTS FUND

CASH RECEIPTS	-	Actual	_	Budget		Variance- Favorable (Unfavorable)
Taxes and Shared Revenue						
Ad valorem property tax	\$		\$		S	0
Delinquent tax	ι'n.		Þ		Þ	0
Motor vehicle tax						0
RV tax						0
Mineral production tax						0
Federal grants						0
State aid/grants						0
Charges for services						0
Interest income						0
Miscellaneous revenues		10.740		12.702		0
		10,649		12,792		(2,143)
Operating transfers	-		_			0
Total Cash Receipts	_	10,649		12,792	_	(2,143)
EXPENDITURES						
Instruction		9,697		25,000		15 202
Student support services		9,097		23,000		15,303
Instruction support staff						0
General administration						
School administration						0
Operations and maintenance						0
Student transportation services						0
Central support services						0
						0
Other support services						0
Food service operations Student activities						0
						0
Facility acquisition and construction services						0
Debt service						0
Operating transfers						0
Adjustment to comply with						
legal max						0
Adjustment for qualifying						
budget credits	_		_			0
Total Expenditures	_	9,697	s_	25,000	\$	15,303
Pagainta Over (I - 4-2) Fire 414		0.50				
Receipts Over (Under) Expenditures		952				
Unencumbered Cash, Beginning		12,208				
Prior Year Cancelled Encumbrances		0				
Unencumbered Cash, Ending	\$ _	13,160				

USD #377 EFFINGHAM, KS PROFESSIONAL DEVELOPMENT FUND

						Variance- Favorable
		Actual		Budget		nfavorable)
CASH RECEIPTS						
Taxes and Shared Revenue						
Ad valorem property tax	\$		\$		\$	0
Delinquent tax						0
Motor vehicle tax						0
RV tax						0
Mineral production tax						0
Federal grants						0
State aid/grants						0
Charges for services						0
Interest income						0
Miscellaneous revenues						0
Operating transfers		6,000	_	2,389		3,611
Total Cash Receipts		6,000	_	2,389		3,611
EXPENDITURES						
Instruction						0
Student support services						0
Instruction support staff		6,222		18,000		11,778
General administration						0
School administration						0
Operations and maintenance						0
Student transportation services						0
Central support services						0
Other support services						0
Food service operations						0
Student activities						0
Facility acquisition and construction services						0
Debt service						0
Operating transfers						0
Adjustment to comply with						
legal max						0
Adjustment for qualifying						
budget credits			_		***************************************	0
Total Expenditures		6,222	\$=	18,000	\$	11,778
Receipts Over (Under) Expenditures		(222)				
Unencumbered Cash, Beginning		15,611				
Prior Year Cancelled Encumbrances		0				
Unencumbered Cash, Ending	S	15,389				

USD #377 EFFINGHAM, KS SUMMER SCHOOL FUND

						Variance- Favorable		
		Actual		Budget		(Unfavorable)		
CASH RECEIPTS	_		_	2	-	(Omarciable)		
Taxes and Shared Revenue								
Ad valorem property tax	\$		\$		\$	0		
Delinquent tax						0		
Motor vehicle tax						0		
RV tax						0		
Mineral production tax						0		
Federal grants						0		
State aid/grants						0		
Charges for services						0		
Interest income						0		
Miscellaneous revenues						0		
Operating transfers	_		_		_	0		
Total Cash Receipts		. 0	_	0	_	0		
EXPENDITURES								
Instruction		460		2,067		1,607		
Student support services		100		_,007		0		
Instruction support staff						0		
General administration						0		
School administration						0		
Operations and maintenance						0		
Student transportation services						0		
Community support services						0		
Other support services						0		
Food service operations						0		
Student activities						0		
Facility acquisition and construction services						0		
Debt service						0		
Operating transfers						0		
Adjustment to comply with								
legal max						0		
Adjustment for qualifying								
budget credits						0		
Total Expenditures	_	460	\$ _	2,067	\$_	1,607		
Receipts Over (Under) Expenditures		(460)						
Unencumbered Cash, Beginning		2,067						
Prior Year Cancelled Encumbrances		0						
Unencumbered Cash, Ending	s	1,607_						
	=							

USD #377 EFFINGHAM, KS KPERS SPECIAL RETIREMENT CONTRIBUTION FUND Statement of Cash Receipts and Expenditures - Actual and Budget For the Year Ended June 30, 2011

CASH RECEIPTS		Actual	Budget		Variance- Favorable (Unfavorable)
Taxes and Shared Revenue					
Ad valorem property tax	\$		\$	\$	0
Delinquent tax	147			Ψ	0
Motor vehicle tax					0
RV tax					0
Mineral production tax					0
Federal grants					0
State aid/grants		230,332	315,207		(84,875)
Charges for services		,			0
Interest income					0
Miscellaneous revenues					0
Operating transfers				_	0
Total Cash Receipts		230,332	315,207		(84,875)
EXPENDITURES					
Instruction		145,144	209,250		64,106
Student support services		6,307	12,608		6,301
Instruction support staff		6,667	8,668		2,001
General administration		8,313	9,456		1,143
School administration		23,564	23,640		76
Operations and maintenance		13,827	17,967		4,140
Student transportation services		13,701	18,488		4,787
Central support services					0
Other support services		3,940	4,098		158
Food service operations		8,869	11,032		2,163
Student activities					0
Facility acquisition and construction services					0
Debt service					0
Operating transfers					0
Adjustment to comply with					
legal max					0
Adjustment for qualifying					
budget credits				-	0
Total Expenditures		230,332	\$ 315,207	\$ _	84,875
Receipts Over (Under) Expenditures		0			
Unencumbered Cash, Beginning		0			
Prior Year Cancelled Encumbrances		0			
Unencumbered Cash, Ending	\$	0			

USD #377 EFFINGHAM, KS AT RISK FUND (K-12) FUND

CASH RECEIPTS		Actual	-	Budget	(Variance- Favorable Unfavorable)
Taxes and Shared Revenue						
Ad valorem property tax	\$		\$		\$	0
Delinquent tax						0
Motor vehicle tax						0
RV tax						0
Mineral production tax						0
Federal grants						0
State aid/grants						0
Charges for services						0
Interest income						0
Miscellaneous revenues		100				0
Operating transfers		480,357	_	559,674	-	(79,317)
Total Cash Receipts		480,357	-	559,674		(79,317)
EXPENDITURES						
Instruction		400,506		525,639		125,133
Student support services		33,351		34,035		684
Instruction support staff						0
General administration						0
School administration						0
Operations and maintenance						0
Student transportation services						0
Central support services						0
Other support services						0
Food service operations						0
Student activities						0
Facility acquisition and construction services						0
Debt service						0
Operating transfers						0
Adjustment to comply with						
legal max						0
Adjustment for qualifying						
budget credits			_		_	0
Total Expenditures		433,857	\$_	559,674	\$	125,817
Receipts Over (Under) Expenditures		46,500				
Unencumbered Cash, Beginning		0				
Prior Year Cancelled Encumbrances	,	0				
Unencumbered Cash, Ending	¢	46 SAA				
Onencombered Cash, Ending	\$	46,500				

USD #377 EFFINGHAM, KS AT-RISK (4 YEAR OLD) FUND

CASH RECEIPTS		Actual	_	Budget		Variance- Favorable Infavorable)
Taxes and Shared Revenue						
Ad valorem property tax	\$		\$		\$	0
Delinquent tax						0
Motor vehicle tax						0
RV tax						0
Mineral production tax						0
Federal grants						0
State aid/grants						0
Charges for services						0
Interest income						0
Miscellaneous revenues						0
Operating transfers		20,041	_	36,108		(16,067)
Total Cash Receipts		20,041	_	36,108		(16,067)
EXPENDITURES						
Instruction		20,041		29,533		9,492
Student support services						0
Instruction support staff						0
General administration						0
School administration						0
Operations and maintenance						0
Student transportation services				6,575		6,575
Community support services						0
Other support services						0
Food service operations						0
Student activities						0
Facility acquisition and construction services						0
Debt service						0
Operating transfers						0
Adjustment to comply with						
legal max						0
Adjustment for qualifying						
budget credits			_		************	0
Total Expenditures		20,041	\$ _	36,108	\$	16,067
Receipts Over (Under) Expenditures		0				
Unencumbered Cash, Beginning		0				
Prior Year Cancelled Encumbrances		0				
Tion Year Cancerted Enternolations		<u> </u>				
Unencumbered Cash, Ending	\$	0				
	L.	<u> </u>				

USD #377 EFFINGHAM, KS BILINGUAL EDUCATION FUND

CASH RECEIPTS		Actual		Budget	_	Variance- Favorable (Unfavorable)
Taxes and Shared Revenue						
Ad valorem property tax	S		\$		\$	0
Delinquent tax			_		***	0
Motor vehicle tax						0
RV tax						0
Mineral production tax						0
Federal grants						0
State aid/grants						0
Charges for services						0
Interest income						0
Miscellaneous revenues						0
Operating transfers		2,007		2,006		1
op-rumg tumbrers		,007	-	_,000	-	<u></u>
Total Cash Receipts		2,007	_	2,006	_	1
EXPENDITURES						
Instruction		2,006		2,006		0
Student support services				-		0
Instruction support staff						0
General administration						0
School administration						0
Operations and maintenance						0
Student transportation services						0
Community support services						0
Other support services						0
Food service operations						0
Student activities						0
Facility acquisition and construction services						0
Debt service						0
Operating transfers						0
Adjustment to comply with						Ū
legal max						0
Adjustment for qualifying						U
budget credits						0
Jangor Steams			_		-	V
Total Expenditures		2,006	\$=	2,006	\$ =	0
Receipts Over (Under) Expenditures		,				
Unencumbered Cash, Beginning		1				
Prior Year Cancelled Encumbrances						
Thor real Cancerred Effeuthorances		0				
Unencumbered Cash, Ending	\$	1				
·, —	Ψ					

USD #377 EFFINGHAM, KS BOND AND INTEREST FUND

CASH RECEPTS		Actual	_	Budget	-	Variance- Favorable (Unfavorable)
Taxes and Shared Revenue						
Ad valorem property tax	\$		\$		\$	0
Delinquent tax						0
Motor vehicle tax						0
RV tax						0
Mineral production tax						0
Federal grants						0
State aid/grants						0
Charges for services						0
Interest income						0
Miscellaneous revenues						0
Operating transfers						0
			_		-	
Total Cash Receipts		0	_	0	_	0
EXPENDITURES						
Instruction						0
Student support services						0
Instruction support staff						0
General administration						0
School administration						0
Operations and maintenance						0
Student transportation services						0
Central support services						0
Other support services						0
Food service operations						0
Student activities						0
Facility acquisition and construction services						0
Debt service				88,810		88,810
Operating transfers				50,010		0
Adjustment to comply with						3
legal max						0
Adjustment for qualifying						Ū
budget credits						0
adagat aradita			_		-	<u> </u>
Total Expenditures		0	\$ =	88,810	\$ =	88,810
Receipts Over (Under) Expenditures		0				
Unencumbered Cash, Beginning		88,810				
Prior Year Cancelled Encumbrances		0				
Unencumbered Cash, Ending	\$	88,810				
, -	-					

USD #377 EFFINGHAM, KS ANY NONBUDGETED FUNDS

Statement of Cash Receipts and Expenditures For the Year Ended June 30, 2011

		Textbook Rental		Contingency Reserve		Title I
CASH RECEIPTS	_		-			
Taxes and Shared Revenue						
Ad valorem property tax	\$		\$		\$	
Delinquent tax						
Motor vehicle tax						
RV tax						
Mineral production tax						
Federal grants						114,535
State aid/grants						
Charges for services		37,092				
Interest income						
Miscellaneous revenues		755				
Operating transfers		20,000		159,000		
	_	•	_			
Total Cash Receipts	_	57,847	_	159,000	-	114,535
EXPENDITURES						
Instruction		71.027		26.612		118 600
		71,827		26,613		117,602
Student support services Instruction support staff				2,158		
General administration				475		
				1,480		
School administration				3,029		3,232
Operations and maintenance				4,498		
Student transportation services						
Central support services						
Other support services				919		
Food service operations						
Student activities						
Facility acquisition and construction services						
Debt service						
Operating transfers						
Adjustment for qualifying						
budget credits	_		_			
Total Expenditures	_	71,827		39,172		120,834
Receipts Over (Under) Expenditures		(13,980)		119,828		(6,299)
Unencumbered Cash, Beginning		56,648		403,386		6,299
Prior Year Cancelled Encumbrances	_	0		0		0
Unencumbered Cash, Ending	\$=	42,668	\$_	523,214	\$	0

USD #377 EFFINGHAM, KS ANY NONBUDGETED FUNDS

Statement of Cash Receipts and Expenditures For the Year Ended June 30, 2011

		Title IV Drug Free		A. J. Rice Memorial		Title IIA
CASH RECEIPTS	-		***			
Taxes and Shared Revenue						
Ad valorem property tax	\$		\$		\$	
Delinquent tax						
Motor vehicle tax						
RV tax						
Mineral production tax						
Federal grants		1,672				25,296
State aid/grants						
Charges for services						
Interest income				87		
Miscellaneous revenues						
Operating transfers	-		_			
Total Cash Receipts	_	1,672	_	87	_	25,296
EVENDURING						
EXPENDITURES						
Instruction		1,744		100		34,420
Student support services						
Instruction support staff General administration						
School administration						
Operations and maintenance						
Student transportation services						
Central support services						
Other support services						
Food service operations Student activities						
Facility acquisition and construction services Debt service						
Operating transfers						
Adjustment for qualifying						
budget credits						
budget eredits	-		-		_	
Total Expenditures	-	1,744		100	_	34,420
Receipts Over (Under) Expenditures		(72)		(17)		(0.124)
Unencumbered Cash, Beginning		(72) 72		(13) 116		(9,124)
Prior Year Cancelled Encumbrances		0		0		9,124
Thor Teat Cancened Englinorations	-	<u> </u>		<u> </u>		0
Unencumbered Cash, Ending	\$_	0	\$ _	103	\$	0

USD #377 EFFINGHAM, KS ANY NONBUDGETED FUNDS

Statement of Cash Receipts and Expenditures For the Year Ended June 30, 2011

	Character Education Grant	Serve America School Based	Title IID
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants			413
State aid/grants	3,199		
Charges for services			
Interest income			
Miscellaneous revenues			
Operating transfers			
Total Cash Receipts	3,199	0	413
experiment per			
EXPENDITURES Instruction	2 100	63.4	410
	3,199	634	413
Student support services			
Instruction support staff General administration			
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying			
budget credits			
oddgot ordans			
Total Expenditures	3,199	634	413
Receipts Over (Under) Expenditures	0	(634)	0
Unencumbered Cash, Beginning	0	1,518	0
Prior Year Cancelled Encumbrances	0	0	0
Unencumbered Cash, Ending	\$0	\$884_	\$0

USD #377 EFFINGHAM, KS AGENCY FUNDS

Statement of Cash Receipts and Cash Disbursements For the Year Ended June 30, 2011

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Scholarships	\$ 0	\$ 4,000	\$ 4,000	\$ 0
Payroll Liabilities	74,912	754,465	819,592	9,785
High School				,
Forensics	482	594	631	445
Drama	2,952	6,275	6,421	2,806
Soundmasters	7,495	23,072	22,917	7,650
Band - HS	1,563	420	864	1,119
Band - JH	60		60	0
Cheerleaders - HS	279	7,640	7,704	215
Cheerleaders - JH	203	1,161	498	866
Drill Team	120	1,628	1,641	107
Stuco - HS	961	5,387	4,772	1,576
Stuco - JH	2,175	3,186	3,292	2,069
FOR	106		,	106
Kays	310	332	300	342
FFA	6,070	22,458	20,297	8,231
Letterclub	447		·	447
FBLA	174			174
National Art Honor Society	154			154
National Honor Society	43	1,542	1,016	569
Science Club	22		•	22
Math Club	87	875	882	80
Young Adult Library Board	1,093	960	1,054	999
Scholar Bowl	121		,	121
Seniors	1,389	2,792	4,181	0
Juniors	0	10,979	8,476	2,503
Total	\$101,218	\$ 847,766	\$ 908,598	\$40,386_

USD #377 EFFINGHAM, KS
DISTRICT ACTIVITY FUNDS
Statement of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2011

Ending Cash Balance	<i>د</i>	3,200	23 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4	2,505	6,016		9,723	2,805	3,962	390	40	_	501	4.536		•	2,580	491	41	25,076	\$ 31.092
Add Outstanding Encumbrances and Accounts Payable	ь				0															0	S 0
Ending Unencumbered Cash Balance	o S	3,200	05 4 4 238	2,505	6,016		9,723	2,805	3,962	390	40	7	501	4,536	0	0	2,580	491	14	25,076	\$ 31,092
Expenditures	\$ 14,414	4,445 3,878	1,040	4,702	29,222		3,772	59	99	399			361	45,435	47	57	10,509	CI	184	60,891	\$ 90,113
Cash Receipts	S 14,414	1,214	1,035	4,458	21,640		5,202		99	40			541	42,938			10,786	30	181	59,784	S 81,424
Prior Year Cancelled Encumbrances	sa				0															0	8
Beginning Unencumbered Cash Balance	0	3,231 7,078	6 0	2,749	13,598		8,293	2,864	3,962	749	40	_	321	7,033	47	57	2,303	463	44	26,183	39,781
Funds	Gate Receipts Middle school Gate receipts Fileh School	Athletics-HS Athletics-JH Ecothall	Basketball Baseball	Wrestlers	Subtotal Gate Receipts	School Projects Intermediate and Elementary School	Activity accounts	Accelerated reader	Book fair	Lost books	Rachel's challenge	Sports - Sloop	Cook's account High School	Activities	Recycling project	Activity fundraiser	Yearbook - HS	Library book replacement	Interest	Subtotal School Projects	Total District Activity Funds \$

The notes to the financial statements are an integral part of this statement. \$24\$

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

USD No.377 is a municipal corporation governed by an elected seven member board. The district as an entity has been defined to include, on a combined basis, (a) USD No. 377 (b) organizations for which USD No. 377 is financially accountable, and (c) other organizations for which the nature and significance of their relationship with USD No. 377 are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are currently no organizations which meet the foregoing criteria for being combined in the District's report.

Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the year 2011:

Governmental Funds

<u>General Fund</u> – To account for the resources except those required to be accounted for in another fund.

<u>Special Revenue Funds</u> – To account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law or administrative action to be expended for specified purposes.

Fiduciary Funds

<u>Agency Funds</u> – To account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

Departure from Generally Accepted Accounting Principles (GAAP)

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursement, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenues and matured principle and interest payable, and reservations of fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with United States generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Reimbursed Expenses

Expenditures in the amount of \$ 113,159 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payment for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Budgetary Information

Kansas Statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- 1. Preparation of the budget for the succeeding calendar year on or before August 1st.
- 2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
- 3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- 4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenues other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments for the year 2011.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

The statutes permit transferring budgeted amounts between accounts within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the city for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds and trust funds and the following special revenue funds:

Title IID Fund
Title IV Fund – Drug Free
Co
District Activity Funds
A...
Title I Fund
Se
Textbook Rental Fund
Ch

Title IIA Fund Contingency Reserve Fund A.J Rice Memorial Fund Serve America School Based Character Education Grant

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as expenditures.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Use of Estimates

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 – Deposits and Investments

Deposits

K.S.A. 9-1401 establishes the depositories which may be used by the district. The statute requires banks eligible to hold the district's funds have a main or branch bank in the county in which the district is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The district has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the district's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The district has no investment policy that would further limit its investment choices. The district had no investments during 2011.

		Risk			
		Catego	ry	Carrying	Market
	1	2	3	Amount	Value
Investments	-0-	-0-	-0-	-0-	-0-
State Treasurers Investment Pool				\$1,303,281	<u>\$1,303,281</u>

Concentration of Credit Risk

State statutes place no limit on the amount the district may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Deposits and Investments (continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the district's deposits may not be returned to it. State statutes require the district's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2011.

At June 30, 2011, the government's carrying amount of deposits was \$ 2,339,664 and the bank balance was \$ 2,027,919. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$ 517,426 was covered by federal depository insurance and the balance was collateralized with securities held by the pledging financial institutions' agents in the district's name.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

NOTE 3 - Defined Benefit Pension Plan

Plan Description – USD No. 377 participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas; Topeka, KS 66603) or by calling 1-888-275-5737.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – Defined Benefit Pension Plan (continued)

Funding Policy – K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414 (h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 9.17% of covered payroll Kansas' contributions to KPERS for the year ended June 30, 2011 was \$188,864,352 with a remaining balance due of \$64,969,692 which was received by July 12, 2011.

NOTE 4 - Risk Management

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the county carries commercial insurance. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years.

NOTE 5 - Compliance with Kansas Statutes

We noted no violations of Kansas Statutes during the period under examination.

NOTE 6 – Compensated Absences

Vacation leave is available to all 12 month employees of the district and accrues at the rate of 10 days per year. The district has sick leave available for all employees. Employees working in excess of 30 hours per week accrue 10 days of sick leave per year, can accumulate up to 60 days, and are paid annually for any excess over 50 hours. Employees working less than 30 hours per week accrue five days sick leave per year, can accumulate up to 30 days, and are paid annually for any excess over 25 hours. No payment is received by terminating employees with unused vacation or sick leave.

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – Interfund Transactions

Operating transfers were as follows:

		Statutory		
From	То	Authority	Amount	
General Fund	Contingency Reserve Fund	K.S.A. 72-6428	\$ 159,000	
General Fund	Special Education Fund	K.S.A. 72-6428	838,129	
General Fund	Capital Outlay Fund	K.S.A. 72-6428	155,675	
General Fund	At Risk (K-12) Fund	K.S.A. 72-6428	433,857	
General Fund	At Risk (4 year old) Fund	K.S.A. 72-6428	19,685	
General Fund	Bilingual Education Fund	K.S.A. 72-6428	2,007	
Supplemental General Fund	Professional Develop Fund	K.S.A. 72-6425	6,000	
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6425	151,000	
Supplemental General Fund	Special Education Fund	K.S.A. 72-6425	325,000	
Supplemental General Fund	Food Service Fund	K.S.A. 72-6425	105,000	
Supplemental General Fund	Text Book Fund	K.S.A. 72-6425	20,000	
Supplemental General Fund	At Risk (K-12) Fund	K.S.A. 72-6425	46,500	

NOTE 8 – Other Post Employment Benefits

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

NOTE 9 – Cash Basis Exception

The State of Kansas statutes exempt all funds from a cash basis violation if the violation was as result of delayed payment by the state.

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - Compliance with K.S.A. 72-6417 (d) and K.S.A. 72-6434 (d)

K.S.A. 72-6417 (d) and K.S.A. 72-6434 (d) requires the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by the Statutes:

NOTE 11 – Contingency

The District receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the District's management, such disallowances, if any, will not be significant to the District's financial statements.

NOTE 12 –Subsequent Events

Subsequent events for management's review have been evaluated through August 29, 2011. The date in the prior sentence is the date the financial statements were available to be issued.

USD #377 EFFINGHAM, KS

GENERAL FUND

STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET For the Year Ended June 30, 2011

						Variance-
						Favorable
CASH RECEIPTS	_	Actual	_	Budget	_	(Unfavorable)
Taxes and Shared Revenue						
Ad valorem property tax	D	((0.200	•	£20.050		
Delinquent tax	\$	668,280	\$	652,959	S	15,321
Motor vehicle tax		11,070		3,577		7,493
RV tax						0
16/20 Trucks tax						0
Federal grants		258,025		B2 702		0
State aid/grants				93,793		164,232
Charges for services		4,295,292		4,783,021		(487,729)
Interest income						0
Miscellaneous revenues		113,159				0
Operating transfers		113,139				113,159
Operating transfers	-		_			0
Total Cash Receipts		5,345,826		5,533,350		(187,524)
•	_	, , , , , , , , , , , , , , , , , , , ,			_	(107,527)
EXPENDITURES						
Instruction		2,118,917		2,368,319		249,402
Student support services		182,501		181,250		(1,251)
Instruction support staff		135,943		143,725		7,782
General administration		196,523		205,297		8,774
School administration		345,087		383,840		38,753
Operations and maintenance		286,612		332,030		45,418
Student transportation services		363,871		359,321		(4,550)
Central support services						0
Other support services		104,722		108,540		3,818
Food service operations						0
Student activities		2,941				(2,941)
Facility acquisition and construction services						0
Debt service						0
Operating transfers		1,608,709		1,451,028		(157,681)
Adjustment to comply with						
legal max				(300,683)		(300,683)
Adjustment for qualifying						
budget credits		***	_	113,159		113,159
Total Expenditures		5,345,826	\$	5,345,826	S	0
rom saponantes	-	المتحور 170,00		2,342,620	 	<u> </u>
Receipts Over (Under) Expenditures		0				
Unencumbered Cash, Beginning		0				
Prior Year Cancelled Encumbrances		0				
	_					
Hangumbarad Cook Ending	į.	0				
Unencumbered Cash, Ending	\$_	0				

USD #377 EFFINGHAM, KS SUPPLEMENTAL GENERAL FUND STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET For the Year Ended June 30, 2011

						Variance- Favorable
		Actual		Budget		(Unfavorable)
CASH RECEIPTS	_		•	7:	•	
Taxes and Shared Revenue						
Ad valorem property tax	\$	848,941	\$	934,243	S	(85,302)
Delinquent tax		16,215		4,358		11,857
Motor vehicle tax		139,991		136,214		3,777
RV tax		2,198		2,273		(75)
16/20 Trucks tax		25,073				25,073
Federal grants						0
State aid/grants		692,161		721,037		(28,876)
Charges for services						0
Interest income						0
Miscellaneous revenues						0
Operating transfers	_		-		-	0
Total Cash Receipts	_	1,724,579	_	1,798,125	-	(73,546)
EXPENDITURES						
Instruction		290,611		171,000		(119,611)
Student support services		3,820		1,500		(2,320)
Instruction support staff						0
General administration		28,012		20,000		(8,012)
School administration		3,854		4,500		646
Operations and maintenance		480,888		756,135		275,247
Student transportation services		284,945		202,000		(82,945)
Central support services						0
Other support services				5,000		5,000
Food service operations						0
Student activities						0
Facility acquisition and construction services						0
Debt service						0
Operating transfers		653,500		652,389		(1,111)
Adjustment to comply with						
legal max				(66,894)		(66,894)
Adjustment for qualifying						
budget credits	-		-		_	0
Total Expenditures	_	1,745,630	\$_	1,745,630	\$ =	0
Receipts Over (Under) Expenditures		(21.051)				
Unencumbered Cash, Beginning		(21,051) 187,471				
Prior Year Cancelled Encumbrances		107,471				
Tom Cancened Enternormices		<u> </u>				
Unencumbered Cash, Ending	\$ ₌	166,420				

Long CPA, PA

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Board of Education Unified School District No. 377 Effingham, Kansas 66023

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL COMPLIANCE REPORTING AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of Unified School District No. 377 as of and for the year ended June 30, 2011, and have issued our report thereon dated August 29, 2011. In our report, our opinion was qualified due to the use of and other comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Unified School District No. 377's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Unified School District No. 377's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Board of Education Unified School District No. 377

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 377's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under <u>Government Auditing Standards</u>.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Long CPA, PA

A Professional Association Certified Public Accountant

Long CPA, PA

August 29, 2011

Long CPA, PA

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Board of Education Unified School District No. 377 Effingham, Kansas 66023

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of Unified School District No. 377, Effingham, Kansas with the types of compliance requirements described in the <u>U.S. Office Management and Budget (OMB) Circular A-133 Compliance Supplement</u> that are applicable to each of its major federal programs for the year ended June 30, 2011. Unified School District No. 377's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Unified School District No. 377's management. Our responsibility is to express an opinion on Unified School District No. 377's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Unified School District No. 377's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Unified School District No. 377's compliance with those requirements. In our opinion, Unified School District No. 377 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Board of Education Unified School District No. 377 Effingham, Kansas 66023

Internal Control Over Compliance

The management of Unified School District No. 377 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Unified School District No. 377's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 377's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Long CPA, PA

A Professional Association Certified Public Accountant

August 29, 2011

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title U.S. Department of Education	Federal CFDA Number	Pass- Through Grantor Number	Federal Expenditures
Passed through State Department of Education:			
Title I	84.010	*	\$ 114,535
Drug abuse Education	84.186	*	1,672
Character Education Initiative	84.215	*	3,297
Tech Literacy	84.318	*	413
Title II - Teacher Quality	84.367	*	25,296
Stabilization - ARRA	84.394	*	93,793
Education Jobs Fund	84.410	*	164,232
U.S. Department of Agriculture			
Passed through State Department of Education:			
School Breakfast Program	10.553	*	44,585
National School Lunch Program	10.555	*	141,733
SFS - Food	10.559	*	950
Federal School Food Service	10.560	*	316
Team Nutrition Training Grant	10.574	*	3,280
Total Federal Assistance			\$ 594,102

^{*} Not available

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2011

A. Summary of Audit Results

- 1. The auditors' report expresses a qualified opinion on the general purpose financial statements of Unified School District #377.
- 2. No reportable conditions relating to the audit of the general purpose financial statements are reported in the Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on a Audit of Financial Statements Performed in accordance with Government Auditing Standards.
- 3. No instances of noncompliance material to the general purpose financial statements of Unified School District #377 were disclosed during the audit.
- 4. The auditors' report on compliance for the major federal award programs for Unified School District #377 expresses an unqualified opinion on all major federal programs.
- 5. Audit findings relative to the major federal award programs for Unified School District #377 are reported in this schedule.
- The programs tested as major programs included: Department of Education Education Jobs Fund CFDA No. 84.410, Stabilization – 2009 ARRA CFDA No. 84.394
- 7. Unified School District #377 was not determined to be a low-risk auditee.
- 8. The threshold for distinguishing types A and B programs was \$300,000.
- B. Findings Financial Statement Audit None
- C. Findings and Questioned Costs Major Federal Awards Programs Audit Department of Education Education Jobs Fund CFDA No. 84.410, Stabilization – 2009 ARRA CFDA No. 84.394

No findings of noncompliance or questioned costs were noted.

The accompanying notes to financial statements are an integral part of this statement

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS June 30, 2011

NOTE 1 - Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 377 Effingham, Kansas and is presented on the statutory basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Statutory Basis of Accounting – The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

Unified School District No. 377 has obtained a waiver from generally accepted accounting principles which allows the district to revert to statutory basis of accounting.

Departure from Generally Accepted Accounting Principles – The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and mature principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS June 30, 2011

NOTE 1 – Basis of Accounting (continued)

Departure from Generally Accepted Account Principles (ctd.) - General fixed assets that account for the land, buildings, and equipment owned by the district are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

NOTE 2 – Pass-Through Awards

Unified School District No. 377 receives certain federal awards in the form of pass-through awards from the State of Kansas. Such amounts received as pass-through awards are specifically identified on the Schedule of Expenditures of Federal Awards.

NOTE 3 – Major Programs

In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. The Education Jobs Fund CFDA No. 84.410 has been determined by the independent auditor to be a major program.

NOTE 4 – Contingencies

The District receives funds under various federal grant programs and such awards are to be expended in accordance with provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of non-compliance. Managements believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.